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PART III—SECTION 3

Notifications relating to Minor Administrations

GOVERNMENT OF PONDICHERRY

Finance Department

NOTIFICATIONS

Pondicherry, the 26th September 1961

No. 14/34/60/F3—Shri M. P. Bavotty, a Tahsildar on deputation from the Kerala Government and working as President, Rent Court, Mahe, relinquished charge of his post on the afternoon of 13th September 1961 consequent on his services being replaced with the Government of Kerala.

2. Shri C. C. Balakrishnan, Delegee des Contributions, Mahe, will discharge the functions of the President, Rent Court, Mahe, for implementing the Malabar Tenancy Act, 1929 as extended to Mahe.

A. V. SRINIVASAN

Under Secretary (Finance)

No. 2365 APLS—Dr. (Mrs.) Kamala Rajagopal, Assistant Surgeon, Family Planning Centre, General Hospital, Pondicherry, is granted earned leave for thirty three (33) days from the 14th September 1961 to the 16th October 1961 with permission to prefix and to suffix the holidays on 13th September 1961 and 17th October 1961.

2. On the expiry of the leave sanctioned above, the doctor will resume charge of the same post.

(By order of the Chief Commissioner).

E. TETTA

Secrétaire aux AP. L. S.

OFFICE OF THE ADMINISTRATOR LACCADIVE, MINICOY AND AMINDIVI ISLANDS

NOTIFICATIONS

Kazhikode, the 22nd September 1961

No. F.20/21/60-B4—"The following draft of certain rules which the Administrator of the Laccadive, Minicoy and Amindivi Islands propose to make in exercise of the powers conferred under section 56 of the Laccadive, Minicoy and Amindivi Islands Co-operative Societies Regulation, 1960 (5 of 1960) is hereby published for general information as required by subsection (1) of the said section.

Notice is hereby given that the said draft will be taken into consideration on or after 1st November 1961. Any objection or suggestion with regard to the said draft received before the aforesaid date will be considered by the Administrator."

RULES

1. *Short Title*—These rules may be called the Laccadive, Minicoy and Amindivi Islands Co-operative Societies Rules, 1961.

2. In these rules unless the context otherwise requires,—

- (a) "Administration" means the Laccadive, Minicoy and Amindivi Islands Administration;
- (b) "Audit union" means a registered society, the main object of which is to arrange for the audit of other registered societies which are its members;
- (c) "Co-operative year" means the year ending with the 30th of June or in the case of any society or class of societies the accounts of which are made up to any other date with the previous sanction of the Registrar, the year ending with such date;
- (d) "Decree" means any decree order, decision or award referred to in Sec. 39(2) and Sec. 40 of the Regulation;
- (e) "decree-holder" means any society or any person (including the Government) holding a decree;
- (f) "defaulter" means any society against which or any person against whom, a decree has been obtained;
- (g) "Registrar of the Islands" includes a person subordinate to the Registrar who is empowered to exercise in that Island the powers of a Registrar under section 3 of the Regulation;
- (h) "Regulation" means the Laccadive, Minicoy and Amindivi Islands Co-operative Societies Regulation, 1960 (5 of 1960);
- (i) "Sale officer" means an officer of the Administration empowered by the Registrar by general or special order to attach and sell the property of defaulters or to execute the decision or awards of the Registrar or Registrar of the islands or to execute or carry out any other orders of the Registrar or the Registrar of the islands in regard to the attachment and sale of property;
- (j) "society" means a society registered under the Regulation;
- (k) "working capital" means such portion of the reserve fund, paid up share capital, loans and deposits received by a society as have not been locked up in buildings and other fixed assets.

3. (1) Any body of persons desiring to apply for registration as a co-operative society under section 8 of the Regulation may apply to the Registrar in the form prescribed in the Schedule appended to these rules.

(2) With every application for registration, the applicant shall submit a draft of the by-laws agreed upon by them. The by-laws shall be consistent with the Regulation and with these rules and they shall deal with matters specified in clause (a) to (aa) below and may deal with such other matters incidental to the organisation of the society and the management of its business as may be deemed necessary—

- (a) the name and address of the society;
- (b) the area of its operation;
- (c) the objects of the society;
- (d) the purpose to which its funds are applicable;
- (e) The qualifications for admission to membership and the payment, if any, to be made or interest to be acquired as a condition of exercising the right of membership;
- (f) the nature and extent of the liability of the members for the debts contracted by the society;
- (g) the circumstances under which withdrawal from membership shall be permitted;
- (h) the procedure to be followed in cases of withdrawal, ineligibility and death of members;
- (i) the conditions, if any, under which the transfer of a share or the interest of a member shall be permitted;
- (j) the nature and amount of the share capital, if any, of the society and where there is a share capital the maximum share capital which a single member can hold;
- (k) the circumstances under which the society may borrow funds and the procedure to be followed in so borrowing;
- (l) the entrance and other fees and the fines, if any, to be collected from members;
- (m) the maximum loan admissible to a member and the procedure to be followed in granting loans and extension of time for the repayment or renewals thereof and in recovering loans from members;
- (n) the conditions on which loans and extension of time for the repayment or renewals thereof, may be granted to members;
- (o) the consequences of default in payment of any sum due by a member;
- (p) the method of appropriating payments made by members from whom moneys are due;
- (q) the maximum dividend payable on paid-up share capital to members;
- (r) the rates of interest payable by the society on borrowed funds and by members on loans granted to them;
- (s) in the case of productive and distributive societies, the procedure to be followed in purchasing and selling stored raw materials and finished products and in stock-taking;
- (t) the mode of holding meetings, the right of voting and subject to the provision of rule 4, the manner of making, altering and abrogating by-laws;
- (u) the mode of appointment and removal of the committee and of other officers and the duties and powers of the Committee and such officers;
- (v) the method of recruitment, the conditions of service and the authority competent to fix, revise or regulate the scales of pay and allowances of paid officers and servants of the society and the procedure to be followed in the disposal, of disciplinary cases against them;
- (w) the mode of custody and investment of the funds, and subject to the provision of rules 7 and 9, the mode of keeping accounts;

- (x) the authorization of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the society;
- (y) the disposal of the net profits;
- (z) the preparation and submission of the annual statements prescribed by the Registrar and the publication of the same; and
- (aa) whether the society is to be affiliated to any audit union or to a financing bank or other institution and, if so, the charge to be paid in respect of such affiliation.

4. *Procedure on receipt of application*—(1) The Registrar shall examine the application and the by-laws in order to satisfy himself—

- (a) that the application and the by-laws are in conformity with the Regulation and these rules;
- (b) that the by-laws are auditable for carrying out the objects of the society; and
- (c) that the proposed society has reasonable chances of success with reference to local conditions, and may before passing final orders, call for such further information or make such inquiry as he may deem necessary. It shall also be competent to the Registrar before registering a society to make such alterations in the draft by-laws submitted with the application for registration as he may deem advisable, provided that the written consent of the applicants is obtained to such alterations.

(2) If the Registrar is not satisfied on all or any of the points mentioned in clauses (a), (b) and (c) of sub-rule (1) he shall refuse to register the society; but if he is satisfied on all the said points, he may register the society and its by-laws and grant to such society free of cost a certificate of registration signed by himself and bearing his official seal; and he shall also issue to the society along with the certificate of registration a certified copy of the draft by-laws as approved and registered by him, and these by-laws shall, subject to the result of any orders passed on appeal or in revision as provided in the Regulation, be the by-laws of the society.

A copy of such certificate together with a copy of such by-laws shall be furnished to the financing bank concerned, if any.

(3) In every case in which the Registrar refuses to register the society, he shall record in writing the reasons for his refusal and shall communicate his decision to the applicant free of cost.

5. *Registrar to keep a record of names, addresses and by-laws of societies*—The Registrar shall keep—

- (1) a register of the names and addresses of all societies and
- (2) a register of the by-laws of each society, with all subsequent amendments thereto, arranged in the order in which the amendments are registered.

6. *Accounts and other books to be maintained by societies*—Every society shall keep the following accounts and books for the purpose of recording the business transacted by it—

- (a) Books to be maintained by credit society—
 - (1) Minutes book, recording the proceedings of the committee and of the general body of members,
 - (2) Admission book, showing the name and address of each member, the date of his admission, the share taken by him and the amount paid by him towards such shares and the amount of share capital, if any, refunded to him, together with the date of each such payment and refund;
 - (3) Cash book, showing daily receipts and expenditure, and the balance at the end of each day;

- (4) Receipt book, containing forms in duplicate, one of each set to be issued for money received by the society and the other to serve as counterfoil;
- (5) Loan ledger, showing the number and date of disbursement of each loan issued to members, the amount of loan, the purpose for which it is granted and the date or dates of repayment, distinguishing in principal and interest;
- (6) Ledger of borrowings, showing deposits and other borrowings of all kinds;
- (7) Liability register showing the indebtedness of each member to the society whether on account of loans taken directly by him or on account of loans for which he stands as surety;
- (8) Monthly register of receipts and disbursements;
- (9) Register of immovable property of defaulters bought in auction by the society;
- (10) Voucher file containing all vouchers for contingent expenditure incurred by the society numbered serially and filed chronologically;
- (11) Register of dividend;
- (12) In the case of a society with unlimited liability property statement of members;

NOTE—This statement shall show the assets and liabilities of each individual member on the date of his admission as well as on the last day of each co-operative year. Full details of property including survey numbers of lands shall be given. The statements should be entered in a register in stitched volumes.

- (13) In the case of a society with limited liability, the working capital of which exceeds rupees twenty thousand, general ledger, and
- (14) Such other accounts and books as may be required or prescribed by the Registrar.

(b) Books to be maintained by a financing bank—In addition to the books to be maintained by a credit society under clause (a), a financing bank shall maintain the following books, namely:—

- (1) Interest register, showing interest payable and paid by each borrower;
- (2) Reserve fund register showing reserve funds of societies invested in the financing bank;
- (3) Suspense accounts, and
- (4) "General information register" showing under appropriate heads, particulars about the financial condition and working of societies borrowing from the bank.

(c) Books to be maintained by a distributive or productive society—Societies with credit branches shall maintain all the books prescribed for credit societies other than a financing bank and societies without credit branches shall maintain the following books:—

- (1) Minutes book
- (2) Admission Book
- (3) Cash Book
- (4) Receipt Book
- (5) Voucher File
- (6) Register of dividend
- (7) Register of bonus on purchases made by members^a
In addition, the following books shall be maintained by a distributive and productive society, with or without credit branches:—

- (1) Goods ledger containing a classification of goods stocked and sold.
- (2) Purchase book showing the daily purchase of articles.

- (3) Sales chit.
- (4) Daily sales book.
- (5) Register of purchases made by members.

NOTE:—For the purposes of these rules, Co-operative Societies may be divided into two classes—credit organisations and non-credit organisations—credit organisations deal with short and medium term credit and also with long term credit—Non-credit organisations consist of Producers' Societies, Consumers' Societies, and other miscellaneous types of Societies.

7. *Power of Registrar to direct accounts and books to be written up*—The Registrar may by order in writing direct any society to get any or all of the accounts and books required to be kept by it under rule 6 written up to such date, in such form and within such time as he may direct. In case of failure by any society to do so, the Registrar may depute an officer subordinate to him to write up the accounts and books. In such cases, it shall be competent for the Registrar to determine, with reference to the time involved in the work and the emoluments of the officer deputed to do it, the charges which the society concerned should pay to the Administrator and to direct its recovery from the society.

8. *Certifying copies of entries in books*—For the purpose specified in sub-section (1) of Section 23 of the Regulation, a copy of an entry in the books of a society regularly kept in the course of business shall be certified:—

- (a) by not less than three members of its committee of whom one shall be the President or the Secretary and shall also bear the society's seal, or
- (b) where an order has been passed under section 36 of the Regulation, appointing a liquidator of the society, by the liquidator.

The charges to be levied for the supply of such certified copies shall not exceed the amounts prescribed in that behalf by the Registrar from time to time.

9. *Registrar may require statements and returns to be furnished*—(1) Every society shall prepare for each co-operative year in such form as may be prescribed by the Registrar—

- (a) a statement showing the receipts and disbursements for the year,
- (b) a profit and loss account,
- (c) a balance sheet, and
- (d) such other statement or return as may be prescribed by the Registrar.

(2) Every society shall submit to the Registrar annually within such time as he may direct, a copy of the statements, specified in sub-rule (1). After the Registrar has verified the statements and granted his audit certificate, the society shall publish the audit certificate and such of the prescribed statements as he may direct in the manner prescribed by him.

(3) All distributive and productive societies shall submit every year to the Registrar, in addition to the copies of the statements specified in sub-rule (1) a statement of verification of the stock on hand at the close of the co-operative year, in such form as may be prescribed by the Registrar and within such time as he may direct.

(4) Every society shall, in addition to the annual statements specified in sub-rules (1) and (3), also submit to the Registrar any statement or return of the nature similar to that described in sub-rule (1) in such form, within such time and for such period as the Registrar may prescribe.

(5) In case of failure by any society to submit any statement or return specified in sub-rule (1), (3) or (4) within the time directed by him, the Registrar may depute an officer to prepare the necessary statement or return. In such

cases, it shall be competent for the Registrar to determine, with reference to the time involved in the work and the emoluments of the officer deputed to do it, the charges which the society concerned should pay to the Administrator and to direct its recovery from the society.

(6) Every society with limited liability shall prepare a list of its members as on the last day of each co-operative year, and furnish a copy of the same to the Registrar within one month from the close of such year or within such further time as the Registrar may, by general or special order, allow. The list shall also be kept open at the office of the Society, during office hours, for inspection by any member of the society:

Provided that in computing such period, all or any of the months of June, July, August and September shall be excluded.

The list of members shall be revised thirty days prior to the date of the meeting fixed for the election of the committee of the society including the members admitted and excluding the members removed during the period commencing from the date when the list was last revised and ending with the date of the present revision of the list :

10. *Restrictions on borrowings by societies*—A society may receive deposits and loans from persons or institutions who are not members provided that the amount borrowed from such persons and institutions together with the amount borrowed from members does not exceed the limit fixed from time to time by the Registrar for the society or for the class of societies to which it belongs.

11. *Maintenance of fluid resources by limited liability societies*—(1) Every society with limited liability shall maintain fluid resources in such form and according to such standards as may be fixed by the Administrator from time to time by general or special order in respect of—

- (i) deposits and loans received from individuals as well as from bodies, not being societies; and
- (ii) cash credits granted to societies to serve as cover for deposits in such societies.

(2) The Administrator may by general or special order empower the Registrar to relax the form or the standards so fixed for a specified period in the case of any society or of any class of societies.

12. *Nomination of an heir*—Every member of a society may nominate a person to whom under section 20 of the Regulation his share of interest in the capital shall be transferred or the value thereof or any sum payable under sub-section (2) of that section shall be paid. Such member may from time to time revoke or vary such nomination. Such nomination shall, in the event of his death, be given effect to by the society provided that—

- (1) the nomination is in writing and has been signed by the deceased in the presence of at least two witnesses, attesting the same;
- (2) the nomination has been registered in the books of the society kept for the purpose; and
- (3) the nominee may become a member only if admitted by the committee.

The sum representing the share or interest of a deceased member in the capital of a society with unlimited liability shall for the purpose of sub-section (1) of section 20 be the amount actually paid towards the value of the share or interest held by him.

13. *Prohibition of admission of members and transfer of shares on the eve of general meetings*—No registered society shall admit members or transfer shares within thirty days prior to the date of its annual general meeting.

14. *Levy of Audit fees*—(1) Every registered society shall pay to the Administrator a charge for the audit for its accounts for each co-operative year in accordance with the scale fixed by the Registrar with the previous approval of the Administrator in respect of the class of society to which it belongs :

(2) The charge payable by the society under sub-rule (1) shall be paid to the Administrator or treasury within six months of the close of the co-operative year to which the audit relates.

(3) All charges leviable under this rule shall be recoverable in the manner specified in Section 42 of the Regulation.

(4) The Administrator may, at his discretion, remit the whole or any part of the charge payable under sub-rule (1) by a particular society or by a particular class of societies for any year or other specified period.

15. *Distribution of net profits*—(1) In a society with shares and unlimited liability, not less than one-half of the net profits and in a society with shares and limited liability, not less than one-quarter of the net profits shall be carried to the reserve fund. In a financing bank with shares and limited liability however, not less than one-third of the net profits shall be carried to the reserve fund until the total of the reserve fund and the other reserves of the bank equals the paid-up share capital of the members held by it and thereafter not less than one-quarter of the profits shall be so carried. Every registered society which does not pay a charge for its audit to the Administrator according to the scale of audit fees prescribed or which does not have its accounts audited at its own expense, shall next set apart 10 per cent of its net profits to an audit fund. This amount or the audit fee according to the scale prescribed, whichever is less, shall be paid to the Administrator or treasury, within three months from the date on which the audit certificate for the year is issued by the Registrar under rule 9. The remainder of the net profits may be used in such manner and for such purposes as are prescribed by the by-laws of the society:

Provided that—

- (i) no society with shares and limited liability shall pay dividend to its share-holders at a rate exceeding $6\frac{1}{2}$ per cent per annum on the paid-up value of each share; and
- (ii) no society shall set apart more than $7\frac{1}{2}$ per cent of its net profits for a common good fund:

Provided also that any profits not allotted in the manner specified in these rules and by-laws shall forthwith be credited to the reserve fund.

(2) A society other than a credit society such as a co-operative stores, a weavers' society, a milk supply society, a labour contract society and a co-operative workshop may pay, in accordance with its by-laws, bonus to its members based on the extent of business done by those members with it or on the value of the services rendered by such members to the society or on such other basis as may be laid down in the by-laws of the society for this purpose with the approval of the Registrar, subject to a maximum of 25 per cent of the net profits or three months wages or salary whichever is less.

(3) Should a society, whether with limited or unlimited liability which is competent either under the Regulation or under these rules to divide a part of its net profits among its members elect to appropriate such portion or part thereof to a "common good fund" as specified in Section 30 of the Regulation the purpose designated by the expression "common good" shall be clearly defined in the by-laws of the Society and it shall not be other than a charitable purpose.

NOTE—The term "net profits" in this rule means net profits as certified by the Registrar under rule 9.

16. *Reserve fund*—A Society shall not invest or deposit its reserve fund except in one or more of the modes mentioned below—

- (a) In the Government Savings Bank, or
- (b) in any of the Government Securities, or
- (c) in the shares or securities of any other registered society with limited liability with the previous permission of the Registrar.

(d) with any bank or person carrying on business of banking, approved for this purpose by the Administrator

(e) in any other mode the Administrator may permit by order in writing.

Provided that when the reserve fund of a society exceeds 20 per cent of its working capital, the excess may, with the sanction of the Registrar, be utilized in the business of the society:

Provided also that when a society is prohibited by its by-laws from borrowing either from its members or from others, the whole of its reserve fund may be utilized in its business.

Note—When the utilizations of the reserve fund of a society in its business is sanctioned by the Registrar under this rule, the financing bank concerned shall, on the expiry of two months from the date of receipt of the sanction of the Registrar, refund the amount to the society with interest accrued thereon upto the date of refund without asking for any notice of withdrawal

17. Investment of funds—(1) A registered society may, with the previous sanction of the Registrar, invest the whole or any portion of its funds in the purchase or lease of land or in the acquisition, construction or renewal of any building that may be necessary to conduct its business. The amount of the funds so invested shall be recouped on such terms as may be determined in each case by the Registrar.

(2) The provisions of this rule shall not apply—

(a) to immovable property purchased—

(i) by a registered society at a sale held in execution of a decree, decision or award obtained by it, for the recovery of any sum due to it; or

(ii) by a financing bank at a sale held in execution of a decree, decision or award obtained by a registered society, financed by it, for the recovery of any sum due to such society or at a sale brought about by the liquidator of such society; or

(b) to the purchase or lease of lands or purchase, construction or renewal of buildings by a registered society whose objects according to its by-laws include such purchase, lease, construction or renewal.

(3) to the investment of the reserve fund of a society and such investment shall be governed by rule 16.

(4) No recoupment of the amount invested under this rule shall be necessary where the investment is made by a registered society other than a credit society in which the share capital raised from the members is intended to build up the special kind of business for which it has been registered.

18. Use of premises—No society shall use, or allow to be used any premises used for its business or portion thereof for any purpose other than such business or for the business of other co-operative activities.

19. Object of reserve fund and disposal thereof after dissolution of society—(1) The reserve fund shall belong to the society as a whole and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to a share in it. It may be drawn upon with the special sanction of the Registrar to meet unforeseen losses.

(2) On the dissolution of the society, the reserve fund together with other funds constituted by the society in accordance with its by-laws including the common good fund and the dividend equalization fund shall be applied by the liquidator to the discharge of such liabilities of the society as may remain undischarged out of the assets of the society, in the following order, namely—

(a) the debts of the society;

(b) the paid-up share capital; and

(c) the dividend upon-paid-up share capital at rates not exceeding those specified in the first proviso to sub-rule (1) of rule 15 for the class of society under

dissolution for any period or periods for which dividend has not been paid; or such dividend upon paid-up share capital as will bring to the maximum rate specified in the said proviso, for any period the total dividend paid or periods for which the dividend at a rate lower than the maximum specified has been paid.

No dividend shall, however, be paid on share capital if the by-laws of the society do not provide for payment of dividend.

(3) Any surplus funds remaining after the payments mentioned in sub-rule (2) shall be utilized in the following manner and subject to the following conditions, namely—

(a) *In the case of a society other than a financing bank or an apex society*—(i) The surplus funds shall be applied to such object of public utility as may be selected by the general body of the dissolved society at a meeting and approved by the Registrar. It shall be competent for the liquidator to constitute a trust to carry out such object and to require the general body to select a trustee or trustees from among the ex-members and/or others. If the general body does not select a trustee or trustees or if the selection of a trustee or trustees by the general body is not acceptable to the liquidator, the liquidator may himself appoint a trustee or trustees as the case may be. The trustee or trustees, as the case may be, shall execute a deed in such form as the Registrar may from time to time prescribe. A trust created under this sub-clause shall be governed by the provisions of the Indian Trust Act, 1882.

(ii) If within 30 days after the issue of notice by the liquidator appointed to wind up the affairs of the society, the general body fails to make any selection that is approved by the Registrar, the Registrar may place the surplus funds on deposit or otherwise with a financing bank or apex society working in the area in which the dissolved society carried on its operations, until a new co-operative society with similar objects is registered in such area in which case the funds shall be credited to the reserve fund of such society. If, in the opinion of the Registrar, there is no prospect of a new society being formed in such area within a reasonable time, the Registrar shall assign the amount to the bad debt reserve or the reserve fund of the financing bank or apex society working in such area.

(b) *In the case of Financing Bank or Apex Society*—The surplus funds shall be assigned by the Registrar to the reserve fund or funds of any other financing bank or apex society to which the societies working in the area in which the dissolved financing bank or apex society carried on its operations, are affiliated or transferred. If there is no financing bank or apex society working in such area, the Registrar shall invest the amount of interest in such bank as the Administrator may decide, until a new financing bank or apex society is formed in such area, in which case the funds shall be credited to the reserve funds of such financing bank or apex society.

20. Disputes Arbitration—(1) The reference to the Registrar of any dispute under section 38 of the Regulation shall be in writing.

(2) The period of limitation for referring a dispute touching the business of a registered society to the Registrar under sub-section (1) of section 38 of the Regulation shall be regulated by the Provisions of the Indian Limitation Act, 1908 (9 of 1908), as if the dispute were a suit and the Registrar a Civil Court.

Provided that a dispute between (i) the society or its committee, and (ii) any past committee, any past officer, past agent or past servant, or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased

servant of the society shall, where the dispute relates to any act or omission on the part of the society or its committee, or any past committee, any past officer, past agent or past servant or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased servant of the society, be referred to the Registrar within two years from the date on which the act or omission with reference to which the dispute arose, took place.

(3) A dispute relating to the election of a member or an officer of the committee of a registered society shall be referred to the Registrar within two months from the date on which the election with reference to which the dispute arose, was held.

Provided that in computing such period, all or any months of June, July, August and September shall be excluded.

(4) Where on receipt of a reference under sub-rule (1), the Registrar decides, under clause (c) of sub-section (2) of section 38 of the Regulation to refer it for disposal by arbitration, the reference shall be made either to a single arbitrator appointed by the Registrar or to a body of arbitrators of whom one shall be nominated by the Registrar and one by each of the parties to the dispute. The arbitrator appointed by the Registrar shall act as the chairman of the body of arbitrators and shall fix the time and place for the hearing of the dispute and carry on the necessary correspondence in connection with the reference.

(5) The Registrar, the arbitrator or body of arbitrators or other persons deciding the dispute shall have power to administer oaths, to require the attendance of all parties concerned and of witness and to require the production of all books and documents relating to the matter of the dispute.

(6) The Registrar, the arbitrator or the chairman of the body of arbitrators or other person deciding the dispute shall record a brief note in English or in vernacular, of the evidence of the parties and witnesses who attend, and upon the evidence so recorded, and after consideration of any documentary evidence produced by the parties, a decision or award as the case may be shall be given in accordance with justice, equity and good conscience by such Registrar, arbitrator or body of arbitrators or other person. The decision or award given shall be reduced to writing. In the absence of any party duly summoned to attend, the dispute may be decided *ex parte*. Where several arbitrators are appointed, the opinion of the majority shall prevail.

(7) (a) The Registrar shall have power to require the person referring a dispute under sub-section (1) of section 38 of the Regulation or a revision petition under sub-section (4) of that section to deposit in advance the fee prescribed by the Registrar for deciding the dispute or revision petition as the case may be.

(b) The Registrar, arbitrator or body of arbitrators or other person deciding the dispute under sub-section (2) of section 38 of aforesaid and the Registrar deciding a petition under sub-section (4) of that section shall have power to order the expenses incurred in determining such dispute or revision petition to be paid either out of the funds of the society or by such party or parties to the dispute or the revision petition as he or they may think fit.

(c) The Registrar may in his discretion remit the whole or any part of the fee collected under clause (a).

(8) In proceedings before the Registrar, the arbitrator or body of arbitrators or other persons deciding the dispute, legal practitioners shall not be entitled to appear to represent parties.

(9) Save as provided in sub-rule (10), (a) On an application to the Registrar of the place in which the cause of action arose, the decision or award shall be enforced as provided in rule 30.

(b) On a requisition to the Tahsildar of the Island made by the Registrar all sums recoverable under the decision or award shall be recovered in a summary way by the Sale Officer or any other person empowered by the Registrar or Administrator

provided that such recoveries are made in the same manner provided in Rule 31.

(c) On application to the Civil Court having jurisdiction over the subject matter of the decision or award, that Court shall enforce the decision or award as if it were a final decree of the Court.

(10) Where the decision of award is for the delivery of possession to a society of land resumed by it from a member for breach of conditions of the assignment, the society may apply to the Registrar for enforcement of the decision or award. On such application, the Registrar or sale officer empowered by him shall deliver possession of the land to the society or to such person as it may appoint to receive delivery on its behalf by removing, if necessary, any person bound by the decision or award who refuses to vacate the land.

(11) The provisions of article 182 of the First schedule to the Indian Limitation Act, 1908, prescribing the period of limitation for the execution in a Civil Court of a decree or order of such Court shall apply *MUTATIS MUTANDIS* in respect of—

(a) the execution of decisions, awards and orders passed under the Regulation and

(b) the recovery under section 40 of the Regulation of any amount due under a decree or order.

(12) (a) The Registrar to whom an application for enforcing a decision or award has been made under clause (a) of sub-rule (9) may, for reasons to be recorded in writing, send such decision or award to a court of competent jurisdiction for execution and that Court shall execute the same as if it were a final decree of that court.

(b) The court to which a decision or award has been sent for execution under clause (c) of sub-rule (9) shall, on the application of the person in whose favour the same was passed or on the requisition of the Registrar, return such decision or award to such person or Registrar, as the case may be.

21. *Mode of service of summons*—(1) Every summons issued under the Regulation shall be authenticated by the seal, if any, of the officer by whom it is issued and shall be signed by such officer or by any person authorised by him in writing in that behalf.

It shall require the person summoned to appear before the said officer at a stated time and place, and shall specify whether his attendance is required for the purpose of giving evidence, or to produce a document or for both purposes; and any particular document, the production of which is required, shall be described in the summons with reasonable accuracy.

(2) Any person may be summoned to produce a document without being summoned to give evidence, and any person summoned merely to produce document shall be deemed to have complied with the summons if he causes such document to be produced, instead of attending personally to produce the same.

(3) The service of summons under the Regulation on any person may be effected in any of the following ways:—

(a) by giving or tendering it to such person; or

(b) if such person is not found, by leaving it at his last known place of abode or business or by giving or tendering it to some adult member of his family; or

(c) if the address of such person is known to the Registrar or other authorised person, by sending it to him by post registered; or

(d) if none of the means aforesaid is available, by affixing it in some conspicuous part of his last known place of abode or business.

(4) Where the serving officer delivers or tenders copy of the summons to the defendant personally or to an agent or other person on his behalf he shall require the signature of the person to whom the copy is so delivered or tendered to an acknowledgement of service endorsed on the original summons.

(5) The serving officer shall in all cases in which the summons has been served under sub-rule (4), endorse or annex, or cause to be endorsed or annexed, on or to the original summons a return stating the time when and the manner in which the summons was served and the name and address of the person (if any) indentifying the person served and witnessing the delivery or tender of the summons.

(6) Where the defendant is a public officer or is a servant of a local authority the officer issuing the summons may if it appears that the summons may be most conveniently so served, send it by registered post prepaid for acknowledgment for service on the defendant, to the head of the office in which he is employed together with a copy to be retained by the defendant.

22. *Procedure to be adopted by liquidator*—Where a liquidator has been appointed under sub-section (1) of section 36 of the Regulation, the following procedure shall be adopted—

- (a) The appointment of the liquidator shall be notified by the Registrar in the official Gazette.
- (b) The liquidator shall, as soon as the order of cancellation of the registration of the society takes effect, publish by such means as he may think proper a notice requiring all claims against the society the registration of which is cancelled to be submitted to him within two months of publication of the notice. All liabilities recorded in the account books of a society shall be deemed *ipso-facto* to have been duly submitted to him under this clause.
- (c) The liquidator shall, after settling the assets and liabilities of the society as they stood on the date on which the cancellation of its registration takes effect, proceed next to determine the contribution to be made by each of its members, past members, or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers, to the assets of the society under clauses (b) and (e) of sub-section (3) of section 36 of the Regulation. Should necessity arise, however, he may also frame a subsidiary order or orders regarding such contributions and such orders shall be enforceable in the same manner as the original orders themselves.
- (d) The liquidator shall submit to the Registrar a quarterly report in such form as the Registrar may prescribe showing the progress made in the liquidation of the society.
- (e) The liquidator may empower any person by general or special order in writing to make collections and to grant valid receipts on his behalf.
- (f) All funds in the charge of the liquidator shall be deposited in the Treasury or in the Post Office Savings Bank or in a financing bank or with such other Bank or person as may be approved by the Registrar and shall stand in his name.
- (g) The Registrar shall fix the amount of remuneration, if any, to be paid to the liquidator. The remuneration shall be included in the cost of liquidation which shall be payable out of the assets of the society in priority to all other claims.
- (h) The liquidator shall have power to call for meetings of members of the cancelled society from time to time.
- (i) At the conclusion of the liquidation, a general meeting of the cancelled society shall be called at which the liquidator or any person authorized by him by special or general order in writing in this behalf shall summarize the result of his proceedings, and shall take a vote as to the disposal of any surplus funds in the manner prescribed in sub-rule (3) of rule 19.
- (j) If any liability cannot be discharged by the liquidator owing to the whereabouts of the claimants not being

known or for any other cause, the amount covered by such undischarged liability may be deposited in a financing bank and shall be available for meeting the claims of the person or persons concerned.

(k) A liquidator may, at any time, be removed by the Registrar and he shall on such removal be bound to hand over all the property and documents relating to the society under liquidation to such person as the Registrar may direct.

(l) All the books and records of a society whose registration has been cancelled and the proceedings of liquidation may be destroyed by the Registrar after the expiry of three years from the completion or conclusion of the liquidation.

23. *Disabilities of defaulting members*—No member who at the time is in default to the society, in respect of any loan or loans taken by him, for such period as is prescribed in its by-laws or in any case for a period exceeding three months or who is a defaulter to the society or to any other society, shall be appointed to represent the society of which he is a member in any other society, and vote and any member of a society who has been appointed to represent the society in another society and vote, shall cease to hold his appointment as such if he is in default to the society of which he is a member, for the period prescribed in its by-laws or in any case for a period exceeding three months or if he becomes a defaulter to the society or any other society.

24. *Restriction on membership*—(1) No person shall be eligible for admission as a member of a society if he—

- (a) is an applicant to be adjudicated a bankrupt or an insolvent or is an uncertificated bankrupt or is an undischarged insolvent; or
- (b) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency, such sentence not having been reserved or the offence pardoned:

Provided that this disqualification shall not apply where more than five years have elapsed from the date of the expiration of such sentence; or

- (c) is a paid employee of the society or of its financing bank or of any society for which it is the financing bank.

(2) Any member of a society shall cease to be a member of the society if he—

- (a) applies to be adjudicated, or is adjudicated a bankrupt or an insolvent; or
- (b) is sentenced for any such offence as is described in clause (b) of sub rule (1):

Provided that where a person ceases to be a member of a society under clause (b) he shall be restored to membership of the society if and when the sentence is annulled on appeal or revision or

- (c) becomes a paid employee of the society or its financing bank or of any society for which it is the financing bank.

(3) No society shall retain as member any of its paid employees or any paid employee of its financing bank or of the society for which it is the financing bank.

25. *Restriction on readmission of expelled member*—No member of a society who has been expelled under the provisions of its by-laws shall be eligible for readmission as a member of that society or for admission as a member of any other society, for a period of two years from the date of such expulsion;

Provided that the Registrar may, in special circumstances, sanction the readmission or admission within the said period of any such member as a member of the same society or of any other society, as the case may be.

26. *Transaction with non-members*—No distributive society shall sell its goods to persons other than members without the previous sanction of the Registrar.

27. *Membership in two credit societies prohibited*—No person being a member of a credit society, or a financing bank, shall be a member of any other credit society without the general or special sanction of the Registrar, and where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect.

28. *Shares not to be hypothecated to society*—The shares of a society shall not be hypothecated to that society by its members as a security for loan.

29. *Transfer of shares*—Subject to the provision of Section 15 of the Regulation a member (except the Government) of any society shall not transfer any share held by him or his interest in the capital of the society or any part thereof unless—

- (a) he has held such share or interest for not less than one year; and
- (b) the transfer is made to the society or to a member of the society.

30. *Procedure in execution of decree, decision, award or contribution order; Officer to whom application should be addressed*—(1) Any decree-holder requiring the provisions of section 40 of the Regulation to be applied shall apply to the Registrar and shall deposit the necessary cost on a scale prescribed by the Registrar. The Registrar shall, in case where the application is for the recovery of any amount due under a decree or an order of a civil court, apply to the civil court which passed the decree or order, for the transfer to him of the said decree or order together with—

- (a) a copy of the decree;
- (b) a certificate setting forth that satisfaction of the decree has not been obtained by execution within the jurisdiction of the court by which it was passed or, where the decree has been executed in part, the extent to which satisfaction has been obtained and what part of the decree remains unsatisfied; and
- (c) a copy of any order for the execution of the decree, or, if no such order has been made, a certificate to that effect.

and on receipt of such application, the civil court shall transfer them to the Registrar. Where, in connexion with the proceedings on an application under that section, any person requires the issue of any process or objects to any process issued or proposed to be issued, or requires the adjournment of any proceedings or objects to any order passed, he shall pay such fee as may be prescribed by the Registrar in this behalf.

(2) Where a defaulter dies before the decree has been fully satisfied an application under sub-rule (1) may be made against the legal representative of the deceased and thereupon all the provisions of this rule shall, save as otherwise provided in this sub-rule apply as if such legal representative were the defaulter.

Where the decree is executed against such legal representative, he shall be liable only to the extent of the property of the deceased which has come to his hands and has not been duly disposed of; and for the purpose of ascertaining such liability, the Registrar executing the decree may, of his own motion or on the application of the decree-holder, compel such legal representative to produce such accounts as he thinks fit.

Explanation—Property in the hands of a son or other descendant who is liable under Hindu or Mohammadan Law for the payment of the debt of a deceased ancestor in respect of which a decree has been passed, shall be deemed to be property of the deceased which has come to the hands of the son or other descendants as his legal representative.

(3) The application shall be made in the form prescribed by the Registrar and shall be signed by the decree-holder. The decree-holder may indicate whether he wishes to proceed in the first instance, against the immovable property mortgaged to the decree-holder or other immovable property or to secure the attachment of movable property. On receipt of the application, the Registrar shall verify the correctness and

genuineness of the particulars set forth in the application with the records, if any, in his office, and prepare a demand notice in writing in duplicate in the form prescribed setting forth name of the defaulter, the amount due and forward it to a sale officer.

(4) Unless the decree-holder has expressed a desire that the proceedings should be taken in a particular order as laid down in sub-rule (3), execution shall ordinarily be taken in the following manner:—

- (i) Movable property of the defaulter shall be first proceeded against but this shall not preclude the immovable property being proceeded against simultaneously in case of necessity.
- (ii) If there is no movable property, or if the sale proceeds of the movable property, or properties attached and sold are insufficient to meet in full the demand of the decree-holder, the immovable property mortgaged to the decree-holder, or other immovable property belonging to the defaulter may be proceeded against.

(5) In the seizure and sale of movable property the following rules shall be observed:—

- (a) The sale officer shall, after giving previous notice to the decree-holder, proceed to the village where the defaulter resides or the property to be distrained is situated and serve the demand notice upon the defaulter if he is present. If the amount due together with the expenses be not at once paid, the sale officer shall make the distress and shall immediately deliver to that defaulter a list or inventory of the property distrained and an intimation of the place and day and hour at which the distrained property will be brought to sale if the amounts due are not previously discharged. If the defaulter is absent, the sale officer shall serve the demand notice on some adult male member of his family, or on his authorized agent, or when such service cannot be effected, shall affix a copy of the demand notice on some conspicuous part of his residence. He shall then proceed to make the distress and shall fix the list of the property attached on the usual place of residence of the defaulter endorsing thereon the place where the property may be lodged or kept and an intimation of the place, day and hour of sale.
- (b) After the distress is made, the sale officer may arrange for the custody of the property attached, with the decree-holder or otherwise.

If the sale officer requires the decree-holder to undertake the custody of the property he shall be bound to do so and any loss incurred owing to his negligence shall be made good by the decree-holder. If the attached property is livestock, the decree-holder shall be responsible for providing the necessary food therefor.

The sale officer may, at the instance of the defaulter or of any person claiming an interest in such property, leave it in the village or place where it was attached in the charge of such defaulter or person, if he enters into a bond in the form prescribed by the Registrar with one or more sufficient sureties for the production of the property when called for.

- (c) The distress shall be made after sunrise and before sunset and not at any other time.
- (d) The distress levied shall not be excessive, that is to say, the property distrained shall as nearly as possible be proportionate to the sum due by the defaulter together with interest and all expenses incidental to the distraint, detention and sale.
- (e) If crops or ungathered products of the land belonging to a defaulter are attached, the sale officer may cause

them to be sold when fit for reaping or gathering or at his option may cause them to be reaped or gathered in due season and stored in proper place until sold.

In the latter case, the expenses of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold.

- (f) The sale officer shall not work the bullocks or cattle, or make use of the goods or effects distrained and he shall provide the necessary food for the cattle of livestock, the expense attending which shall be defrayed by the owner upon his redeeming the property, or from the proceeds of the sale in the event of its being sold.
- (g) It shall be lawful for the sale officer to force open any stable, cow-house, granary, godown, out-house or other building, and he may also enter any dwelling house, the outer door of any room in such dwelling house for the purpose of attaching property belonging to a defaulter and lodged therein, provided always that it shall not be lawful for the sale officer to break open or enter any apartment in such dwelling house appropriated for the zenana or residence of women except as hereinafter provided.
- (h) where the sale officer may have reason to suppose that the property of a defaulter is lodged within a dwelling house the outdoor of which may be shut, or within any apartments appropriated to women which, by the usage of the country, are considered private, the sale officer shall represent the fact to the Tahsildar or Police Officer of the Island.

On such representation, the Tahsildar or police officer shall go himself or depute any of his subordinates to the spot in the presence of whom the sale officer may force open the outer door of such dwelling house, in like manner as he may break open the door of any room within the house except the zenana.

The sale officer may also in the presence of such officer, after due notice given for the removal of women within a zenana, and, after furnishing means for their removal in a suitable manner (if they be women of rank who, according to the customs of the country cannot appear in public, enter the zenana apartments for the purpose of distraining the defaulter's property, if any, deposited therein, but such property, if found, shall be immediately removed from such apartments, after which they shall be left free to the former occupants.

- (i) The sale officer shall (on the day previous to and on the day of sale) cause proclamation of the time and place of the intended sale to be made by beat of drum in the village in which the defaulter resides and in such other place or places as the Registrar may consider necessary to give due publicity to the sale.

No sale shall take place until after the expiration of the period of 15 days from the date on which the sale notice has been served or affixed in the manner prescribed in clause (a) Provided that where the property seized is subject to speedy and natural decay, (or where the expenses of keeping it in custody are likely to exceed its value) the sale officer may sell it at any time before expiry of the said period of 15 days unless the amount due is sooner paid.

- (j) At the appointed time, the property shall be put up in one or more lots, as the sale officer may consider advisable, and shall be disposed of to the highest bidder.

Provided that it shall be open to the sale officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons.

Where the property may sell for more than the amount due, the excess amount, after deducting the interest and the expenses of process and the other charges shall be paid to the defaulter. Provided that, that the Registrar or the sale officer may, in his discretion, adjourn the sale to a specified day and hour recording his reasons for such adjournment. Where, a sale is so adjourned for a longer period than 7 days, a fresh proclamation under clause (i) shall be made, unless the judgement-debtor consents to waive it.

- (k) The property shall be paid for in cash at the time of sale or as soon thereafter as the officer holding the sale shall appoint, and the purchaser shall not be permitted to carry away any part of the property until he has paid for it in full.

- (l) Where the purchaser may fail in the payment of the purchase money, the property shall be resold.

- (m) Where it is provided to the satisfaction of any Civil Court of competent jurisdiction that any property which has been distrained under these rules has been forcibly or clandestinely removed by any person, the Court may order forthwith such property to be restored to the sale officer.

- (n) Where prior to the day fixed for sale the defaulter or any person acting in his behalf or any person claiming an interest in the property attached, pays the full amount due including interest, batta and other costs incurred in attaching the property, the sale officer shall cancel the order of attachment and release the property forthwith.

- (o) the following movable properties shall not be liable to attachment or sale under these rules:—

- (i) the necessary wearing apparel, vessels, beds and beddings of the defaulter, his wife and children and such personal ornaments as in accordance with religious usage cannot be parted with by any woman;

- (ii) tools of artisans, and, where the defaulter is an agriculturist, his implements of husbandry and such cattle and seed grain as may, in the opinion of the Sale officer, be necessary to enable the agriculturist to earn his livelihood as such;

- (iii) books of account;

- (iv) stipends and gratuities allowed to pensioners of Government or payable out of any service family pension fund notified in the Official Gazette by the Central Government in this behalf and political pensions;

- (v) the wages of labourers and domestic servants whether payable in money or in kind;

- (vi) salary to the extent of the first hundred rupees and one half the remainder;

- (vii) any allowance declared by any Indian law to be exempt from liability to attachment or sale in execution of a decree; and

- (viii) Where the defaulter is a person liable for payment of land revenue, any movable property which, under any law for the time being applicable to him, is exempt from sale for the recovery of an arrear of such revenue.

(6) Where the movable property to be attached is the salary or allowance or wages of a public officer, the Registrar may, on receiving a report from the sale officer order that the amount shall be withheld from such salary or allowances or wages either in one payment or by monthly instalments as the Registrar may direct and upon notice of the order, the officer or other person whose duty it is to disburse such salary or allowances or wages shall withhold and remit to the sale officer, the amount due under the order or the monthly instalment, as the case may be.

(7) (i) Where the property to be attached consists of the share or interest of the defaulter in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the defaulter, prohibiting him from transferring the share or interest or changing it in any way.

(ii) Where the property to be attached is a negotiable instrument not deposited in a court, nor in the custody of a public officer, the attachment shall be made by actual seizure and the instrument shall be brought to the office of the Registrar ordering the attachment and be held subject to his further orders.

(iii) Where the property to be attached is in the custody of any court or public officer, the attachment shall be made by a notice to such court or officer, requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further orders of the Registrar.

Explanation—In this clause "Public officer" includes a liquidator appointed under section 36 of the Regulation.

(8) (i) Where the property to be attached is a decree either for the payment of money or for sale in enforcement of a mortgage or charge the attachment shall be made—

(a) If the decree sought to be attached was passed by the Registrar or by any person to whom a dispute was transferred by the Registrar under section 38 of the Regulation or by an arbitrator or arbitrators within the local limits of the jurisdiction of the Registrar, then by the order of the Registrar.

(b) If the decree sought to be attached was passed by a court and has not been sent for execution to any other court, then by the issue to such court of a notice by the Registrar requesting such court to stay the execution of its decree unless and until (i) the Registrar cancels the notice, or (ii) the holder of the decree sought to be executed or the judgment-debtor, applies to the court receiving such notice to execute its own decree; and

(c) if the decree sought to be attached is pending execution in a court which did not pass the same, then by the Registrar seeking to attach such decree in execution sending the notice referred to in sub-clause (b) to such court, whereupon the provisions of that sub-clause shall apply in the same manner as if such court had passed the decree and the said notice had been sent to it in pursuance of the said sub-clause.

(ii) Where the Registrar makes an order under sub-clause (a) of clause (i) or when a court receives an application under sub-clause (b) (i) of the said clause, such Registrar or court shall on the application of the decree-holder who has attached the decree or his defaulter, proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree sought to be executed.

(iii) The holder of a decree sought to be executed by the attachment of another decree of the nature specified in clause (i) shall be deemed to be the representative of the holder of the attached decree and to be entitled to execute such attached decree in any manner lawful for the holder thereof.

(iv) Where the property to be attached in execution of a decree is a decree other than a decree of the nature referred to in clause (i) the attachment shall be made by the issue of a notice by the Registrar to the holder of such decree, prohibiting him from transferring or charging the same in any way; and, where such decree has been passed by any court or by a person to whom a dispute was transferred under section 38 of the Regulation by an arbitrator or arbitrators in another island also by sending to such court, a notice to abstain from executing the decree sought to be attached until such notice cancelled by the Registrar.

(v) The holder of a decree attached under this sub-rule shall give the court or the Registrar executing the decree such information and aid as may reasonably be required.

(vi) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Registrar making an order of attachment under this sub-rule shall give notice of such order to the judgment-debtor bound by the decree attached; and no payment or adjustment of the attached decree made by the judgment-debtor in contravention of such order after receipt of notice thereof, either through the said Registrar or otherwise, shall be recognised so long as the attachment remains in force.

(9) Where the movable property to be attached is—

(a) a debt due to the defaulter in question,

(b) a share in the capital of a corporation or a deposit invested therein, or

(c) other movable property not in the possession of the defaulter except property deposited in, or in the custody of, any Civil Court, the attachment shall be made by a written order signed by the Registrar prohibiting—

(i) in the case of the debt, the creditor from recovering the debt and the debtor from making payment thereof;

(ii) in the case of the share or deposit the person in whose name the share or the deposit may be standing from transferring the share or deposit or receiving any dividend or interest thereon;

(iii) in the case of other movable property except as aforesaid the person in possession of it from giving it over to the defaulter.

A copy of such order shall be sent in the case of the debt, to the debtor, in the case of the share or deposit to the proper officer of the corporation and in the case of the other movable property (except as aforesaid) to the person in possession of such property. As soon as the debt referred to in clause (a) or the deposit referred to in clause (b) matures, the Registrar may direct the person concerned to pay the amount to him. Where the share is not withdrawable, the Registrar shall arrange for its sale through a broker. Where the share is withdrawable, its value shall be paid to the Registrar or to the party concerned as soon as it becomes payable. In the case of the other movable property referred to in clause (c) the person concerned shall place it in the hands of the Registrar, as soon as it becomes deliverable to the defaulter.

(10) Immovable property shall not be sold in execution of a decree unless such property has been previously attached.

Provided that where the decree has been obtained on the basis of a mortgage of such property, it shall not be necessary to attach it.

(11) In the attachment and sale (or sale without attachment) of immovable property the following rules shall be observed—

(a) The application presented under sub-rule (2) shall contain a description of the immovable property to be proceeded against sufficient for its identification and in case such property can be identified by boundaries or numbers in record of settlement or survey the specification of such boundaries or number and the specification of the defaulter's share or interest in such property to the best of the belief of the decree-holder and so far as he has been able to ascertain it.

(b) The demand notice issued by the Registrar under sub-rule (3) shall contain the name of the defaulter, the amount due including the expenses, if any, and the batta to be paid to the person who shall serve the demand notice, the time allowed for payment and (in case of non-payment, the particulars of the properties to be attached and sold or to be sold without attachment, as the case may be).

After receiving the demand notice, the sale officer shall serve or cause to be served a copy of the demand notice upon the defaulter or upon some adult male member of his family at his usual place of residence or upon his authorised agent, or, if such personal service is not possible, shall affix a copy thereof on some conspicuous part of his last known residence, or on some conspicuous part of the immovable property about to be attached and sold or sold without attachment as the case may be.

Provided that where the Registrar is satisfied that a defaulter with intent to defeat or delay the execution proceedings against him is about to dispose of the whole or any part of his property the demand notice issued by the Registrar under sub-rule (3) shall allow any time to the defaulter for payment of the amount due by him and the property of the defaulter shall be attached forthwith.

- (c) If the defaulter fails to pay the amount specified in the demand notice within the time allowed, the sale officer shall proceed to attach and sell or sell without attachment, as the case may be, the immovable property noted in the application for execution in the manner specified in clauses (d) to (k).
- (d) Where the attachment is required before sale, the sale officer shall if possible, cause a notice of attachment to be served on the defaulter personally. Where personal service is not possible the notice shall be affixed in some conspicuous part of the defaulter's last known residence, if any. The fact of attachment shall also be proclaimed by beat of tom-tom or other customary mode at some place on or adjacent to such property, and at such other place or places as the Registrar may consider necessary to give due publicity to the sale. The attachment notice shall set forth that unless the amount due with interest and expenses be paid within the date therein mentioned, the property will be brought to sale. A copy shall be sent to the decree-holder. Where the sale officer so directs, the attachment shall also be notified by public proclamation in the Official Gazette.
- (e) Proclamation of sale shall be published by affixing a notice in the office of the Registrar of the place or in the office of the Tahsildar or Amin or Karani at least thirty days before the date fixed for the sale and also by beat of tom-tom in the village on two consecutive days previous to the date of sale and on the day of sale prior to the commencement of the sale. Such proclamation shall, where attachment is required before sale, be made after the attachment has been effected. Notice shall also be given to the decree-holder and the defaulter. The proclamation shall state the time and place of sale and specify as fairly and accurately as possible—
 - (i) the property to be sold
 - (ii) any encumbrance to which the property is liable
 - (iii) the amount for the recovery of which the sale is ordered, and
 - (iv) every other matter which the sale officer considers materials for a purchaser to know in order to judge of the nature and value of the property.
- (f) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall, when the amount for the realization of which the sale is held exceeds Rs. 100 furnish to the sale officer within such time as may be fixed by him or by the Registrar of the place an encumbrance certificate from the Tahsildar, Amin or Karani for a period of not less than twelve years prior to the date of attachment of the property sought to be

sold or in the cases falling under the proviso to sub-rule (10), prior to the date of the application for execution. The time for production of the encumbrance certificate may be extended at the discretion of the sale officer or the Registrar of the place as the case may be. The sale shall be by public auction to the highest bidder, provided that it shall be open to the sale officer, to decline to accept highest bid where the price offered appears to be unduly low or for other reasons and provided also that the Registrar or the sale officer may in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned for a longer period than 7 days, a fresh proclamation under clause (e) shall be made, unless the judgment-debtor consents to waive it. The sale shall be held after the expiry of not less than thirty days calculated from the date on which notice of the proclamation was affixed in the office of the Registrar of the place and the place of sale shall be the island where the property to be sold is situated.

Provided that in cases where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the Tahsildar, Amin or Karani in regard to the encumbrances known to him shall be accepted in the place of an encumbrance certificate.

- (g) A sum of money equal to 15 per cent of the price of the immovable property shall be deposited by the purchaser in the hands of the sale officer at the time of the purchase, and in default of such deposit, the property shall forthwith be resold:

Provided that, where the decree-holder is the purchaser and is entitled to set off the purchase money under clause (k) the sale officer shall dispense with the requirements of this clause.

- (h) The remainder of the purchase money and the amount required for the general stamp for the certificate under clause (v) of sub-rule (14) shall be paid within fifteen days from the date of sale.

Provided that the time for payment of the cost of the stamp may, for good and sufficient reasons, be extended at the discretion of the Registrar up to thirty days from the date of sale.

Provided further that in calculating the amounts to be paid under this clause, the purchaser shall have the advantage of any set-off to which he may be entitled under clause (k);

- (i) In default of payment within the period mentioned in clause (L), the deposit may, if the Registrar thinks fit after defraying the expenses of the sale, be forfeited to the Government and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may subsequently be sold.
- (j) Every resale of immovable property in default of payment of the amounts mentioned in clause (h) within the period allowed for such payment, shall be made after the issue of fresh proclamation in the manner and for the period hereinbefore prescribed for the sale.
- (k) Where a decree-holder purchases, the purchase money and the amount due on the decree shall be set off against one another, and the sale officer shall enter up satisfaction of the decree in whole or in part accordingly.

(12) Where prior to the date fixed for sale, the defaulter or any person acting on his behalf or any person claiming an interest in the property sought to be sold tenders payment of the full amount due together with interest, batta and other expenses incurred in bringing the property to sale, including

the expenses of attachment, if any, the sale officer shall forthwith release the property after cancelling where the property has been attached, the order of attachment.

(13) (i) Where immovable property has been sold by the sale officer any person either owning such property or holding an interest therein by virtue of a title acquired before such sale may apply to have the sale set aside on his depositing with the Registrar.

(a) for payment to the purchaser, a sum equal to 5 per cent of the purchase money, and

(b) for payment to the decree-holder, the amount of arrears specified in the proclamation of sale as that for the recovery of which the sale was ordered together with interest thereon and the expenses of attachment (if any) and sale and other costs due in respect of such amount less any amount which may, since the date of such proclamation have been received by the decree-holder.

(ii) if such deposit and application are made within thirty days from the date of sale, the Registrar shall pass an order setting aside the sale and shall repay to the purchaser the purchase money so far as it has been deposited, together with the 5 per cent deposited by the applicant;

Provided that if more persons than one have made deposit and application under this sub-rule, the application of the first depositor to the officer authorised to set aside the sale, shall be accepted.

(iii) If a person applies under sub-rule (13) to set aside the sale of immovable property, he shall not be entitled to make an application under this sub-rule.

(14) (i) At any time within thirty days from the date of the sale of immovable property, the decree-holder or any person entitled to share in a rateable distribution of the assets or whose interests are affected by the sale, may apply to the Registrar to set aside the sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it.

Provided that no sale shall be set aside on the ground of irregularity or fraud unless the Registrar is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud.

(ii) If the application be allowed, the Registrar shall set aside the sale and may direct a fresh one.

(iii) On the expiration of thirty days from the date of sale, if no application to have the sale set aside is made under sub-rule (13) or under clause (i) of this sub-rule or if such application has been made and rejected the Registrar shall make an order confirming the sale;

Provided that, if he shall have reason to think that the sale ought to be set aside, notwithstanding that no such application has been made or on grounds other than those alleged in any application which has been made and rejected, he may, after recording his reasons in writing set aside the sale.

(iv) Whenever the sale of any immovable property is not so confirmed or is set aside, the deposit or the purchase money as the case may be, shall be returned to the purchaser.

(v) After the confirmation of any such sale, the Registrar shall grant a certificate of sale bearing his seal and signature to the purchaser. Such certificates shall state the property sold and the name of the purchaser, and it shall be conclusive evidence of the fact of the purchase in all courts and tribunals, where it may be necessary to prove it and no proof of the seal or signature of the Registrar shall be necessary unless the authority before whom it is produced shall have reason to doubt its genuineness.

(vi) An order made under this sub-rule shall, subject only to the provisions of section 50 of the Regulation be final; and shall not be liable to be questioned in any suit or other legal proceeding.

(vii) No application under section 50 of the Regulation shall be presented to the Registrar or to the Administrator for modifying, annulling, or reversing any order of the Registrar under this sub-rule after a period of one year from the date of such order.

(15) Where any lawful purchaser of immovable property is resisted and prevented by any person other than a person (not being the defaulter) claiming in good faith to be in possession of the property on his own account from obtaining possession of the immovable property purchased, any court of competent jurisdiction on application, and production of the certificate of sale provided for by sub-rule (14) shall cause the proper process to be issued for the purpose of putting such purchaser in possession, in the same manner as if the immovable property purchase had been decreed to the purchaser by a decision of the court.

(16) It shall be lawful for the sale officer to sell the whole or any portion of the immovable property of a defaulter in discharge of money due provided always that so far as may be practicable, no larger section or portion of immovable property shall be sold than may be sufficient to discharge the amount due with interest, and expenses of attachment (if any) and sale.

(17) Where an attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the defaulter of any debt, dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.

Explanation—For the purposes of this sub-rule claims, enforceable under an attachment include claims for the rateable distribution of assets under sub-rule (24).

(18) Persons employed in serving notices or in other process under these rules shall be entitled to batta at such rates as may from time to time be fixed by the Registrar.

(19) Where the cost and charges incurred in connection with attachment and sale of movable property (or the attachment and sale or sale without attachment of immovable property) under this rule, exceeds the amount of the cost deposited by the decree-holder under sub-rule (1), such excess shall be deducted from the sale proceeds of the property sold or the moneys paid by the defaulter, as the case may be, and the balance shall be made available to the decree-holder.

(20) Every person making a payment towards any money due for the recovery of which application has been made under the rule shall be entitled to a receipt for the amount signed by the sale officer or other officer empowered by the Registrar in that behalf; such receipt shall state the name of the person making the payment and the subject-matter in respect of which the payment is made.

(21) (a) Where any claim is preferred to, or any objection is made to the attachment of, any property attached under this rule on the ground that such property is not liable to such attachment, the sale officer shall investigate the claim or objection and dispose of it on the merits.

Provided that no such investigation shall be made when the sale officer considers that the claim or objection is frivolous.

(b) Where the property to which the claim or objection related has been advertised for sale, the sale officer may postpone the sale pending the investigation of the claim or objection.

(c) Where a claim or an objection is preferred, the party against whom an order is made may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute, but, subject to the result of such suit, if any, the order shall be conclusive.

(22) (1) Any deficiency of price which may happen on a resale held under clause (k) of sub-rule (4) or clause (g) or clause (j) of sub-rule (11) by reason of the purchaser's default, and all expenses attending such resale shall be certified by the sale officer to the Registrar and shall, at the instance of either

the decree-holder or the defaulter, be recoverable from the defaulting purchaser under the provisions of this rule. The costs, if any, incidental to such recovery shall also be borne by the defaulting purchaser.

(2) Where the property may, on the second sale, sell for a higher price than at the first sale, the defaulting purchaser at the first sale, shall have no claim to the difference or increase.

(23) Where any property has been attached in execution of a decree, but by reason of the decree-holder's default the Registrar is unable to proceed further with the application for execution, he shall either dismiss the application or for any sufficient reason adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

(24) (a) Where the sale officer attaches or has attached under these rules, any property, not in the custody of any court, which is already under attachment made in execution of a decree of any court, such court shall receive and realize such property and shall determine claims thereto and any objections to the attachment thereof:

Provided that where the property is under attachment in the execution of decrees of more courts than one, the court which shall receive or realize such property and shall determine any claims thereto and any objection to the attachment thereof shall be the court of the highest grade, or where there is no difference in grade between such courts, the court under whose decree the property was first attached.

(b) Where assets are held by the sale officer and before the receipt of such assets, demand notices in pursuance of applications for execution of decrees against the same defaulter have been received from more than one decree-holder and the decree-holders have not obtained satisfaction, the assets after deducting the cost of realisation, shall be rateably distributed by the sale officer among all such decree-holders.

31. *Procedure for recovery of sums due to Government*—The provisions of rule 30 shall apply in regard to the recovery of any sum due to Government as "decree-holder" subject to the following modifications, namely—

- (1) The Registrar of the place in which the cause of action arose may, of his own motion, take any steps which he may deem suitable in the matter of such recovery in accordance with the provisions of that rule, without any applications having been made to him in that behalf under sub-rules (1) and (3) thereof.
- (2) It shall not be necessary to deposit any sum by way of costs as required by sub-rule (1).
- (3) It shall not be necessary for the sale officer to give the decree-holder previous notice, as required by clause (a) of sub-rule (5) of the intention to serve the demand notice on the defaulter and, in default of payment to distrain his property. Nor shall the provision of that clause which empowers the sale officer to require the decree-holder to undertake the custody of the distrained property apply.
- (4) It shall not be necessary to send a copy of the attachment notice to the decree-holder as required by clause (d) of sub-rule (11).
- (5) It shall not be necessary to give notice of the proclamation of sale to the decree-holder as required by clause (e) of sub-rule (11).
- (6) The Registrar shall himself obtain the encumbrance certificate required to be furnished by the decree-holder under clause (f) of sub-rule (11).
- (7) The payments required to be made under sub-clause (b) of clause (i) of sub-rule (13) shall be made to the sale officer on behalf of the decree-holder.
- (8) The application referred to in clause (i) of sub-rule (14) shall be made by the sale officer on behalf of the decree-holder.

32. *Authentication of notice or process*—Every notice of process issued under the Regulation or under rule 30 shall be in writing, shall be authenticated by the seal, if any, of the officer by whom it is issued and shall be signed by such officer or by any person authorised by him in that behalf.

33. *Mode of making attachment before judgement*—(1) Attachment of property under Section 41 of the Regulation shall be made in the manner provided in rule 30.

(2) Where a claim is preferred to property attached under sub-rule (1), such claim shall be investigated in the manner and by the authority specified in rule 30.

(3) *Removal of attachment when security furnished, or suit dismissed*.—Where a direction is made for the attachment of any property under sub-rule (1), the Registrar shall order the attachment to be withdrawn—

- (a) When the party concerned furnishes the security required, together with security for the cost of the attachment; or
- (b) When the liquidator determines under clause (b) of sub-section (3) of section 36 of the Regulation that no contribution is payable by the party concerned; or
- (c) when the Registrar passes an order under sub-section (1) of section 37 of the Regulation that the party concerned need not repay or restore any money or property or contribute any sum to the assets of the society by way of compensation; or
- (d) When the dispute referred to in sub-section (1) of section 38, of the Regulation has been decided against the party at whose instance to the attachment was made.

(4) Attachment made under sub-rule (1) shall not affect the rights existing prior to the attachment, of persons not parties to the proceeding in connection with which the attachment was made, nor bar any person holding a decree against the person whose property is attached from applying for the sale of the property under attachment in execution of such decree.

(5) Where property is under attachment by virtue of the provisions of this rule and a decree is subsequently passed against the persons whose property is attached, it shall not be necessary upon an application for execution of such decree to apply for re-attachment of the property.

34. *Procedure regarding amendment of by-laws*—(1) The following procedure shall be adopted in regard to amendments to the by-laws of a society—

- (i) Every amendment shall be made only by a resolution passed by a majority of the members present at a meeting of the general body of the members of the society.
- (ii) No such resolution shall be valid unless notice of the amendment proposed has been given in accordance with the by-laws.
- (iii) Every application made to the Registrar for the registration of an amendment shall be signed by the president and two members of the committee, and shall contain the following particulars, namely—
 - (a) the date of the general body meeting at which the amendment was made;
 - (b) the number of days notice given to convene the general body meeting;
 - (c) the total number of members of the society on the date of such meeting;
 - (d) the number of members who formed the quorum for such meeting;
 - (e) the number of members present at such meeting; and
 - (f) the number of members who voted for the amendment.

(iv) Notwithstanding anything contained in clauses (i) to (iii), the Registrar may, by order in writing, permit the by-laws of a society to be amended by such smaller body representing the members of the society as may be prescribed in the rules or in the by-laws of the society. In such cases, all references to general body meetings contained in clauses (i) to (iii) shall be construed as references to the meetings of such smaller body.

(2) In every case in which the Registrar refuses to register an amendment to the by-laws of a society, he shall briefly record in writing the reasons for his refusal and shall communicate his decision to the society.

35. The liability of a society from limited to unlimited, and unlimited to limited under Section 5 of the Regulation may be changed in the manner provided in Rule 34:

Provided that (1) The society shall give notice in writing of its intention to change its liability to all its members and creditors. (2) any member or creditor shall, notwithstanding any by-law of contract to the contrary have the option of withdrawing his shares, deposits or loans as the case may be, within three months of the service of such notice on him. (3) any member or creditor who does not exercise his option within the period aforesaid, shall be deemed to have assented to the change.

The change shall take effect only when the amendment for the change is registered under the Regulation.

36. *Co-operative conferences and contributions to expenses thereof by societies*—No society shall contribute any money towards the expenses of any co-operative conference, unless such conference is held under the auspices of a society which is authorised by its by-laws to undertake the holding of such conferences. The society holding the conference shall keep separate accounts of the income and expenditure of such conference, and such accounts shall be subject to audit by the Registrar or by some person authorised by him under section 31 of the Regulation.

37. *Election and term of office of members of committees*—(1) The by-laws of every society shall provide either that the term of office of all the members of its committee shall expire on the same date and at such yearly intervals as may be specified, or that a certain proportion of the members of its committee shall retire in each year on such date as may be specified. In the former case, all the members of the committee (including those elected in casual vacancies) whether representing societies or individuals shall vacate their office on the date specified, irrespective of the date on which they were elected as members of the committee. In the latter case, the members due for retirement in each year (including those elected in their places in casual vacancies) shall vacate their Office on the date specified.

(2) The election of all the members of the committee or of a certain proportion of them referred to in such-rule (1) shall be held on or before the date specified in the by-laws for the expiry of the term of office of the members. If, for any reason, the society fails to arrange for such election, the Registrar may extend such term until such time within which the election should, in his opinion, be held.

38. *Constitution and strength of committee of financing bank*—(1) The proportion of individual members to society members on the committee of a financing bank or an apex society the proportion of individual members who shall hold fixed deposits to total individual members and the maximum strength of the committee shall be fixed by the Registrar in consultation with the committee of the bank or apex society. The proportion of individual members who shall hold fixed deposits to total individual members shall be fixed at not less than 25 per cent of the latter.

(2) An individual member shall not be eligible for appointment as a member of the committee of a financing bank or apex society unless he holds such number of shares in such

bank or has invested in such bank in fixed deposits free of incumbrances such minimum amount as may be fixed by the Registrar from time to time in consultation with the committee of such bank or apex society.

(3) If the required number of individual members holding fixed deposits is not elected to the committee of a financing bank or apex society the Registrar may, if individual members holding fixed deposits in such bank or apex society free of encumbrances for the minimum amount fixed by the Registrar under sub-rule (2) are available, nominate the required number of such members to the committee. Any seat on the committee of such bank or apex society reserved for individual members holding fixed deposits which has not been filled either by election or nomination shall be held in abeyance.

(4) Any person who has been appointed as individual member of the committee of a financing bank or apex society by virtue of the fixed deposits held by him in such bank or apex society shall cease to hold office as such, if the amount of the fixed deposits held by him free of encumbrances in such bank or apex society falls short of the minimum fixed by the Registrar under sub-rule (2) and shall not become eligible for appointment under that class of members until the amount of the fixed deposits so held by him in such bank or apex society reaches such minimum.

39. *Disqualification for membership of Committee*—(1) No person shall be eligible for appointment as a member of the committee of any society if he—

- (a) is an applicant to be adjudicated a bankrupt or an insolvent or an uncertificated bankrupt or undischarged insolvent; or
- (b) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency, such sentence not having been reversed or the offence pardoned: Provided that this disqualification shall not apply where more than five years have elapsed from the date of the expiration of such sentence; or
- (c) is of unsound mind, a deaf-mute or a leper; or
- (d) is a paid employee of the society, the financing bank or any society for which it is the financing bank, provided that this clause shall not apply to paid employees of societies being members of the committee of a society, composed exclusively of such employees; or
- (e) is a near relation of a paid employee of the society, provided that if any question arises whether a person is or is not a near relation of a paid employee of the society, the question shall be referred to the Registrar for decision; or
- (f) is in default to the society or to any other society in respect of any loan or loans taken by him for such period as is prescribed in the by-laws of the society concerned or in any case for a period exceeding three months or is a defaulter to the society or to any other society; or
- (g) has been expelled from a society under the provisions of its by-laws, provided that this disqualification shall not apply where more than two years have elapsed from the date of such expulsion or where the Registrar has under the proviso to rule 25 sanctioned the readmission or admission within the said period of any such member as a member of the same society or of any other society, as the case may be.

(2) A member of the committee of any society shall cease to hold his office as such, if he—

- (a) applies to be adjudicated, or is adjudicated, a bankrupt or an insolvent; or
- (b) is sentenced for any such offence as is described in clause (b) of sub-rule (1); or

- (c) becomes of unsound mind, a deaf-mute or a leper; or
- (d) becomes a paid employee of the society, the financing bank or any society for which it is the financing bank provided that this clause shall not apply to paid employees of societies becoming members of the committee of a society composed exclusively of such employees; or
- (e) becomes a near relative of a paid employee of the society; or
- (f) commits default in respect of any loan or loans taken by him in the society or in any other society and if the default continues for the period prescribed in the by-laws of the society concerned or in any case for a period exceeding three months or becomes a defaulter to the society or to any other society;

Provided that, where a person ceases to be a member of the committee under clauses (b) he shall be restored to office of such portion of the period for which he was elected as may remain unexpired at the date of such restoration, if and when the sentence is annulled on appeal or revision and any person elected to fill the vacancy in the interim shall on such restoration vacate office;

Provided further that, if any question arises as to whether a member of the committee of any society has or has not become a near relation of a paid employee of the society, the question shall be referred to the Registrar for decision, or

- (g) is expelled from any society under the provisions of its by-laws.

40. *Appointment of Secretary*—Every financing bank, every society with limited liability and a working capital of not less than rupees one lakh shall appoint a paid Secretary. The paid secretary shall be disqualified for being appointed as, and for being member of the committee of the financing bank, or the society as the case may be;

41. *Security to be furnished by paid employees of societies*—(1) No society shall appoint any person as its paid officer or servant in any category of service without obtaining from him security in such form and according to such standard as the Registrar may fix for such category of service in the society or for the class of societies to which it belongs.

(2) No society shall retain in service any paid officer or servant, if he does not furnish within such time as the Registrar may direct, security in such form and according to such standard as the Registrar may fix for the category of service in which he serves in the society or for the class of societies to which it belongs.

(3) The Registrar may, by general or special order, exempt any society or class of societies or any category of service in any society or class of societies from the provisions of this rule or relax in respect of any paid officer or servant the provisions of this rule in regard to the form or the standard of security which he should furnish.

42. *Term of office of member of committee who is a delegate of another society*—A delegate of one society sitting on the committee of another society shall cease to be a member of such committee—

- (a) if the society which elected him as a delegate withdraws him or appoints another delegate in his stead; or
- (b) in case he was elected as a delegate by a society on the supersession of committee of such society under section 34 of the Regulation provided that (subject to the provision of clause (d) of sub-rule (1) of rule (39) the person or persons appointed under the said section shall have power to nominate himself or one among them or any member of the society, to the committee of another society; or

- (c) if the registration of the society of which he is the delegate is cancelled.

43. *Officer of society appearing as legal practitioner in certain cases to vacate office*—Any officer of the society who appears as a legal practitioner—

- (i) against such society or against any other society which is a member of the former society, or
- (ii) (otherwise than in an honorary capacity) on behalf of such society or on behalf of any other society which is a member of the former society, shall be deemed to have vacated his office as such.

44. *Prohibition against being interested in contracts, etc. in certain cases*—(1) No officer of a society shall have an interest, directly or indirectly.

- (i) in any contract made with the society, or
- (ii) in any sale or purchase made by the society privately or in any auction, or
- (iii) in any contract or transaction of the society other than an investment or borrowing or the taking the staff quarters on rent by the officers of the Society who are paid employees involving financial interests.

(2) No officer of a society shall purchase, directly or indirectly, any property of a member of the society brought to sale or the recovery of his dues to the society.

Provided, the Registrar may, in the special circumstances exempt an officer of a society from the application of the above rule by a general or special order in writing.

SCHEDULE

(See rule 3)

Form of application for registration as a co-operative society under the Laccadive, Minicoy & Amindivi Islands Co-operative Societies Regulation, 1960 (No. 5 of 1960)

1. Name of proposed society
2. The headquarters of the society and the area of its operations. Note the situation of the island
3. Address of society
4. State whether liability of members is to be limited or unlimited.
5. Application to register a society under the above name is hereby made by the persons whose names are submitted hereunder with their signatures and particulars of age, profession, residence, etc.
6. With this application is sent a copy of the draft by-laws accepted by the applicant and signed by them
7. The applicants have elected the following persons to the committee which is to conduct the affairs of the society for a period of three months from the date of registration of the society or for such further period as the Registrar may consider desirable—

- 1.
- 2.
- 3.
- 4.
5. etc.

NOTE—If all the applicants are individuals, at least ten of them who have attained majority should attest the application and the by-laws. Where an applicant is a registered society and the application and the by-laws should be signed by a duly authorised person on behalf of such registered society and where all the members of the society are not registered societies, by ten other members or by all of them when their number is less than ten.

I
The draft by-laws

II

Serial number	Name of appli- cant	Father's Name	Age	Tribe- class or caste	Pro- fession	Place of resi- dence	Signature or thumb- impres- sion of appli- cant
1	2	3	4	5	6	7	8

Kozhikode 4, the 25th September 1961

No. F. 15/2/60-B4—In exercise of the powers conferred by Sub Section 3 of Section 1 of the Laccadive, Minicoy and Amindivi Islands Weights and Measures (Enforce-ment) Regulation, 1961 (5 of 1961), the Administrator, Lac-cadive, Minicoy and Amindivi Islands hereby appoints the 1st day of October 1961 as the date on which the provisions of the said Regulation shall come into force in the Union Territory of Laccadive, Minicoy and Amindivi Islands.

C. K. BALAKRISHNAN NAIR
Administrator